

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 ERDA-05 AID-05 CEA-01 CIEP-01

COME-00 FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSC-05

OMB-01 PM-04 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

ERDE-00 NRC-05 XMB-02 OPIC-03 IO-11 /106 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 5388

INFO USMISSION OECD PARIS IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 ROME 1385/1

FOR ASSISTANT SECRETARY ENDERS

C O R R E C T E D C O P Y (TEXT PARA 4.)

E.O. 11652: GDS

TAGS: ENUG, IT

SUBJECT: U.S.-ITALY ENERGY WORKING GROUP: ITALIAN DRAFT JOINT
STATEMENT

REF: STATE 11317

1. IN RESPONSE TO PROPOSED SUMMARY STATEMENT TRANSMITTED REFTTEL,
MFA ENERGY COORDINATOR MIGLIUOLO HAS PASSED FOLLOWING DRAFT
HE WISHES TO DISCUSS AT JANUARY 29 PARIS MEETING WITH ENDERS.
MIGLIUOLO NOTES THAT GOI JOINT STATEMENT HAS NOT RPT NOT
BEEN CLEARED AT QTE HIGHER LEVEL UNQTE, BUT HE ANTICIPATES
NO RPT NO DIFFICULTY IN DOING SO IF STATEMENT SATISFACTORY
TO USG.

2. BEGIN TEXT:

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U.S. ITALY ENERGY WORKING GROUP

DRAFT JOINT STATEMENT

(1)-FOLLOWING TO AN EXCHANGE OF MESSAGES BETWEEN PRESIDENT FORD AND PRIME MINISTER MORO IN EARLY 1975, ITALY AND UNITED STATES HAVE UNDERTAKEN EXTENSIVE CONSULTATIONS AIMED AT EXPANDING THEIR TRADITIONAL COOPERATION TO THE FIELD OF ENERGY. BOTH SIDES WERE DETERMINATED (SIC) TO WORK TOWARDS THE SOLUTION OF THE SCORE OF SERIOUS PROBLEMS ORIGINATED BY THE QUINTUPLING OF THE OIL PRICE AS WELL AS TOWARDS THE ATTAINMENT OF THE GOALS SOLIDARITY ENSHRINED IN THE ACCORD ESTABLISHING THE INTERNATIONAL ENERGY AGENCY. IN THIS SPIRIT THEY EXPLORED THE POSSIBILITY OF IMPLEMENTING LONG TERM EFFORTS IN ENERGY CONSERVATION, THE ACCELERATED DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY AND RESEARCH AND DEVELOPMENT IN THE ENERGY FIELD. IN ORDER TO FURTHER THESE OBJECTIVES AND CONSIDERING THAT, AT PRESENT, THE ONLY SIGNIFICANT ALTERNATIVE SOURCE OF ENERGY ACCESSIBLE TO ITALY IS TO BE FOUND IN THE NUCLEAR SECTOR, THE UNITED STATES AND ITALY THEREFORE AGREED TO THE ESTABLISHMENT OF A BILATERAL ENERGY WORKING GROUP TO DISCUSS POSSIBLE COOPERATION IN THAT SECTOR.

(2)-THE DECISION OF THE ITALIAN GOVERNMENT TO UNDERTAKE A 20,000 MW NUCLEAR POWER PROGRAM AT A COST OF AN ESTIMATED \$16 BILLION AT 1975 PRICES WAS CONSIDERED AN IMPORTANT STEP ON THE WAY TO DIVERSIFY ITALY'S ENERGY SOURCES AND TO REDUCE ITS PRESENT HEAVY RELIANCE ON IMPORTED OIL TOHSUPPLY ITS ENERGY REQUIREMENTS. THE UNITED STATES HAS THEREFORE EXPRESSED ITS WILLINGNESS TO EXTEND ITS FULL SUPPORT FOR CARRYING OUT THE PROGRAM. TO THIS EFFECT THE DISCUSSIONS WITHIN THE ENERGY WORKING GROUP-WHICH HAS MET PERIODICALLY IN WASHINGTON AND ROME SINCE MAY 1975-HAVE FOCUSED IN THE FOLLOWING AREAS WHICH BOTH COUNTRIES AGREE ARE IMPORTANT TO ACHIEVING ITALY'S OBJECTIVES IN THE NUCLEAR FIELD. THE COMMON GOAL IS TO WORK OUT SPECIFIC AGREEMENTS AND PROJECTS APT TO ENSURE AN EFFECTIVE ASSISTANCE BY THE U.S., AT CONDITIONS NOT LESS FAVOURABLE THAN THOSE ACCORDED TO OTHER COUNTRIES, IN THE IMPLEMENTATION OF THE ITALIAN NUCLEAR PROGRAM.

(3)-FINANCING: ITALY AND UNITED STATES AGREE THAT CAPITAL
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AVAILABILITY WILL CRITICALLY AFFECT EFFORTS BY OIL-IMPORTING NATIONS TO REDUCE DEPENDENCE ON IMPORTED OIL THROUGH THE DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES. THE TWO COUNTRIES HAVE HELD EXTENSIVE TALKS ON THE FINANCING OF THE ITALIAN NUCLEAR PROGRAM. BOTH SIDES RECOGNIZE THAT LARGE AMOUNTS OF BOTH PUBLIC AND PRIVATE CAPITAL WILL BE NECESSARY FOR SUCCESSFUL IMPLEMENTATION OF THE PROGRAM.

THE EXPORT-IMPORT BANK OF THE UNITED STATES IS

WORKING WITH ITALIAN FINANCIAL AND TECHNICAL PERSONNEL TO HELP SECURE PORTION OF THE EXTERNAL CAPITAL-UP TO U.S. \$3.5 BILLION (RELATED TO THE ESTIMATED COST OF \$16 BILLION)-TO BE RAISED IN THE U.S. FOR THE ITALIAN NUCLEAR PROGRAM. THE BANK HAS AGREED TO ASSIST ITALY IN ITS CONTACTS WITH U.S. PRIVATE INVESTORS, WHILE CONFIRMING ITS OWN INTEREST IN PARTICIPATING DIRECTLY IN THE FINANCING OF U.S. EQUIPMENT EXPORTS FOR THE ITALIAN PROGRAM.

(4)-URANIUM: THE UNITED STATES AND ITALY HAVE AGREED TO AN EXCHANGE OF TECHNICIANS WHICH WOULD ENABLE ITALY TO SEND TECHNICAL PERSONNEL TO WORK IN AND GAIN GREATER FAMILIARITY WITH THE ENERGY-RESEARCH AND DEVELOPMENT ADMINISTRATION'S (ERDA) NATURAL URANIUM RESOURCE EVALUATION (NURE) PROGRAM. THE NURE PROGRAM IS A COMPREHENSIVE FIVE-YEAR \$250 MILLION UNDERTAKING BY ERDA TO MORE ACCURATELY ASSESS THE U.S. NATURAL URANIUM RESERVE POSITION THROUGH AERIAL RADIOMETRIC SURVEYS, HYDROGEOCHEMICAL SAMPLING AND GEOLOGIC INVESTIGATIONS. THE OBJECTIVE OF ITALIAN PARTICIPATION WOULD BE THE ACQUISITION OF TECHNOLOGIES, THE POSSIBLE IMPLEMENTATION OF A SIMILAR PROGRAM IN ITALY OR IN THIRD COUNTRIES AND POSSIBLY AN EXPANDED PARTICIPATION IN MINING ACTIVITIES IN THE U.S.

IN RESPONSE TO ITALIAN CONCERN THE UNITED STATES HAS AGREED TO MAKE THE FOLLOWING "BEST EFFORTS" OFFER TO ASSIST ITALY IN THE EVENT OF A NATURAL URANIUM SUPPLY SHORTFALL. "IF ITALY ENCOUNTERS A SHORTAGE OF NATURAL URANIUM AFTER MAKING A REASONABLE, BUT UNSUCCESSFUL EFFORT TO LOCATE A SUPPLY, THE U.S. WOULD OFFER ASSISTANCE TO THE EXTENT POSSIBLE, BOTH ON A SHORT-TERM AND LONG-TERM BASIS.

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C O N F I D E N T I A L SECTION 2 OF 2 ROME 1385/2

FOR ASSISTANT SECRETARY ENDERS

IN THE SHORT-TERM THE U.S. WOULD FURNISH ANY INFORMATION IN ITS POSSESSION AS TO POTENTIAL SOURCES OF URANIUM THAT WOULD HELP ITALY IN THE PROCUREMENT FROM THESE SOURCES. ON A LONG-TERM BASIS THE U.S. WOULD OFFER APPROPRIATE U.S. TECHNICAL ADVICE AND/OR ASSISTANCE, TO THE EXTENT AVAILABLE, IN THE DEVELOPMENT OF NEW SOURCES OF SUPPLY.

THE U.S. WOULD ALSO USE ITS INFLUENCE IN ORDER TO FACILITATE AGREEMENTS AND JOINT VENTURES BETWEEN U.S. MINING FIRMS HOLDING PROVED URANIUM RESERVES IN THE U.S. OR ELSEWHERE AND ITALIAN AGENCIES AND CORPORATIONS ENGAGED IN URANIUM PROCUREMENT. ITALY WOULD BE GIVEN ACCESS, ON AN EQUITABLE BASIS WITH OTHER COUNTRIES AND TAKING DUE ACCOUNT OF THE PRIORITY OF ITS REQUEST, TO ANY NATURAL URANIUM STOCKPILE AND ENRICHMENT SERVICES THAT ARE OR MAY BECOME AVAILABLE IN THE U.S. IN CASE OF INSURMOUNTABLE DIFFICULTIES IN THE PROCUREMENT OF THE NATURAL URANIUM REQUIRED FOR THE ENRICHMENT CONTRACTS ALREADY PASSED BETWEEN ERDA AND ITALIAN AGENCIES, ITALY WOULD BE GIVEN AN OPTION TO ACQUIRE AN EQUIVALENT AMOUNT OF ENRICHED URANIUM.
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THE ABOVE ASSISTANCE WOULD IMPOSE NO RESTRICTIONS EITHER ON THE EXPORT OF URANIUM PROCURED IN THE U.S. OR ON WHERE THE NATURAL URANIUM COULD BE ENRICHED."

THE UNITED STATES AND ITALY HAVE ALSO AGREED ON THE IMPORTANCE OF CONTINUING AN EXCHANGE OF VIEWS ON ISSUES RELATING TO THE LONG-TERM SUPPLY AND DEMAND FOR NATURAL URANIUM BOTH BILATERALLY AND WITHIN THE CONTEXT OF THE INTERNATIONAL ENERGY AGENCY, AS WELL AS ON ISSUES RELATING TO THE POSSIBLE EVENTUAL ESTABLISHMENT OF AN ENRICHED URANIUM STOCKPILE AND EMERGENCY SHARING AGREEMENT.

(5)-ENRICHMENT AND REPROCESSING: THE UNITED STATES AND ITALY HAVE AGREED TO CONTINUE PERIODIC BILATERAL CONSULTATIONS IN THE AREAS OF ENRICHMENT AND CHEMICAL REPROCESSING WITHIN THE CONTEXT OF THE ENERGY WORKING GROUP. THE PURPOSE OF THESE CONSULTATIONS WILL BE:

A)-TO ENABLE ITALY TO BE FULLY INFORMED REGARDING THE EVOLVING U.S. POLICIES AND CHANGING SITUATIONS

IN THESE FIELDS;

B)-TO PROVIDE A FRAME WORK FOR POSSIBLE FURTHER COOPERATION BETWEEN THE TWO COUNTRIES IN ORDER TO ENSURE THAT ITALY'S FUTURE ENRICHMENT AND REPROCESSING REQUIREMENTS ARE MET;

C)- IN ACCORDANCE WITH THE PLEDGE GIVEN BY THE U.S. GOVERNMENT AT THE WASHINGTON CONFERENCE, TO MAKE POSSIBLE THE TRANSFER OF RELATED TECHNOLOGIES, BOTH BETWEEN GOVERNMENTAL AGENCIES AND PRIVATE FIRMS.

MEANWHILE, THE ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION (ERDA) WILL CONTINUE TO ASSIST ITALY IN ARRANGING CONTACTS WITH PRIVATE U.S. FIRMS IN THE ENRICHMENT AND CHEMICAL REPROCESSING SECTORS AS WAS DONE IN SEPTEMBER 1975 AT THE TIME OF AN ENERGY WORKING GROUP MEETING IN WASHINGTON.

(6)-WASTE MANAGEMENT: THE UNITED STATES AND ITALY HAVE AGREED TO COOPERATE IN DEVELOPING BILATERAL AND/OR MULTILATERAL WASTE MANAGEMENT RESEARCH AND DEVELOPMENT PROGRAMS WITHIN THE CONTEXT OF THE INTERNATIONAL ENERGY AGENCY. SUCH COOPERATION IS EXPECTED TO TAKE THE FORM OF JOINT SPONSORSHIP OF TECHNICAL PROGRAMS AS WELL AS EXCHANGES OF DATA AND TECHNICIANS. THE ENERGY RESEARCH
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AND DEVELOPMENT ADMINISTRATION (ERDA) HAS ALSO AGREED TO RECEIVE ITALIAN TECHNICAL PERSONNEL AT ITS WASTE MANAGEMENT FACILITIES AT HANFORD WASHINGTON AND IDAHO FALLS. ITALY WILL RECIPROCATATE IN INVITING U.S. TECHNICIANS TO VISIT SIMILAR ITALIAN FACILITIES. END TEXT. VOLPE

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